

WATERVLIET DISTRICT LIBRARY

FINANCIAL STATEMENTS

JUNE 30, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

| | | | |
|---|---------------------------------|---|--------------------------|
| Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other | | Local Government Name Watervliet District Library | County Berrien |
| Audit Date 6/30/04 | Opinion Date 11/24/04 | Date Accountant Report Submitted to State: 12/30/04 | |

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

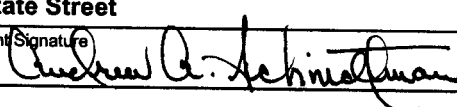
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

| | Enclosed | To Be Forwarded | Not Required |
|---|----------|-----------------|--------------|
| The letter of comments and recommendations. | | | ✓ |
| Reports on individual federal financial assistance programs (program audits). | | | ✓ |
| Single Audit Reports (ASLGU). | | | ✓ |

| | | | |
|---|---------------------------|-------------------------|---------------------|
| Certified Public Accountant (Firm Name) Andrew A Schmidtman | | | |
| Street Address 404 State Street | City St. Joseph | State MI | ZIP 49085 |
| Accountant Signature  | | Date 12/30/04 | |

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ANDREW A. SCHMIDTMAN

CERTIFIED PUBLIC ACCOUNTANT

404 STATE STREET

P.O. Box 589

ST. JOSEPH, MICHIGAN 49085

INDEPENDENT AUDITOR'S REPORT

ANDREW A. SCHMIDTMAN, C.P.A.

JAMES M. WOLF, C.P.A.

TELEPHONE (269) 983-6523

FAX (269) 983-5051

To the Library Board
Watervliet District Library
Watervliet, Michigan

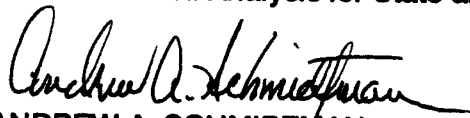
I have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Watervliet District Library, Michigan, as of and for the year ended June 30, 2004, which collectively comprise the Library's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Watervliet District Library's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Watervliet District Library, Michigan as of June 30, 2004, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Library management's discussion and analysis and budgetary comparison information identified in the table of contents are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

As described in Note 6, the Library has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments as of July 1, 2003.



ANDREW A. SCHMIDTMAN
November 24, 2004

WATERVLIET DISTRICT LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Watervliet District Library is a district library located in Watervliet, Michigan. The Management's Discussion and Analysis is intended to provide an overview analysis of the financial position and operating results of the Library.

The Library's basic financial statements include government-wide financial statements, fund financial statements, and notes to financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Library's annual report includes two government-wide financial statements. The statement of net assets and the statement of activities. These statements are full accrual basis statements. They report all of the Library's assets and liabilities, both short-term and long-term, and they report all current year revenues and expenses regardless of when cash is received or paid.

FUND FINANCIAL STATEMENTS

The fund level financial statements are reported on a modified accrual basis. Only those assets that are measurable and currently available are reported. Liabilities are recognized to the extent that they are normally expected to be paid with current financial resources. These statements report short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the year end.

NOTES TO FINANCIAL STATEMENTS

The notes to financial statements provide additional detail information related to the information contained in the financial statements.

WATERVLIET DISTRICT LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS

CONDENSED FINANCIAL INFORMATION

The following provides financial information in a condensed format using the full accrual basis of accounting. This year's report does not provide prior year comparative data because this is the first year for the Management's Discussion and Analysis. The comparative financial data will be provided in future years.

| | <u>June 30, 2004</u> |
|------------------------------|--------------------------|
| Assets: | |
| Current assets | \$146 890 |
| Capital assets | <u>219 339</u> |
| Total assets | <u>366 229</u> |
| Liabilities: | |
| Current liabilities | 1 046 |
| Long-term liabilities | <u>--</u> |
| Total liabilities | <u>1 046</u> |
| Net Assets: | |
| Investment in capital assets | 219 339 |
| Unrestricted | <u>145 844</u> |
| Total net assets | <u>\$365 183</u> |
| Revenues: | |
| Property taxes | \$ 56 849 |
| Penal fines | 61 490 |
| Other | <u>13 903</u> |
| Total revenues | 132 242 |
| Expenses | <u>114 854</u> |
| Change in Net Assets | <u>\$ 17 388</u> |

WATERVLIET DISTRICT LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT—WIDE FINANCIAL INFORMATION

The Library's net assets increased by \$17,388 during the year. The primary sources of revenues are property taxes and penal fines. The main expenses are wages, utilities, repairs and maintenance, and depreciation. Wages are approximately 48% of total expenses.

Bainbridge Township has decided to stop contributions to the Watervliet District Library and to start making contributions to another library in Berrien County. Bainbridge Township had contributed approximately \$4,400 to the library in past years.

THE LIBRARY'S FUNDS

An analysis of the Library's major funds is included in the balance sheet and statement of revenues, expenditures, and changes in fund balance. These statements provide information on current inflows, outflows, and balances of spendable resources. The fund balance of the general fund increased by \$5,277 for the year ended June 30, 2004.

LIBRARY'S BUDGETARY HIGHLIGHTS

Over the course of the year, the Library Board amended the budget to take into account events that occurred during the year. The most significant amendment was an increase in the amount for repairs and maintenance for repairs to the roof.

CAPITAL ASSETS AND LONG—TERM DEBT ACTIVITY

At the end of the fiscal year, the Library had \$630,584 invested in land, building, furniture and fixtures, equipment, books, magazines, and audio—video items. The Library purchased \$12,201 of equipment and furnishings and \$22,093 of books, magazines, and audio—video materials during the year. The Library does not have any long—term debt.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Library's finances. Questions concerning the information provided in this report should be directed to the Library's management, Watervliet District Library, 333 South Main Street, Watervliet, MI 49098—9562.

WATERVLIET DISTRICT LIBRARY

STATEMENT OF NET ASSETS

JUNE 30, 2004

| | Governmental Activities |
|---|------------------------------------|
| CURRENT ASSETS: | |
| Cash | \$145 475 |
| Prepaid expenses | <u>1 415</u> |
| TOTAL CURRENT ASSETS | 146 890 |
| NON CURRENT ASSETS: | |
| Capital assets: | |
| Land | 27 800 |
| Building | 111 200 |
| Furniture, fixtures, and equipment | 193 244 |
| Library collection | <u>298 340</u> |
| | 630 584 |
| Less: accumulated depreciation | <u>411 245</u> |
| TOTAL NON CURRENT ASSETS | <u>219 339</u> |
| TOTAL ASSETS | <u>\$366 229</u> |
| | |
| | <u>LIABILITIES</u> |
| CURRENT LIABILITIES: | |
| Accrued wages | <u>\$ 1 046</u> |
| TOTAL CURRENT LIABILITIES | <u>\$ 1 046</u> |
| NET ASSETS: | |
| Invested in capital assets, net of related debt | 219 339 |
| Unrestricted | <u>145 844</u> |
| TOTAL NET ASSETS | <u>\$365 183</u> |

See accompanying notes to financial statements.

WATERVLiet DISTRICT LIBRARY

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2004

PROGRAM EXPENSES:

Recreation and cultural:

| | |
|-------------------------|---------------|
| Wages | \$ 55 340 |
| Payroll taxes | 4 238 |
| Office supplies | 1 948 |
| Repairs and maintenance | 6 652 |
| Utilities | 10 561 |
| Professional | 1 725 |
| Insurance | 2 162 |
| Janitorial | 2 600 |
| Cooperative fees | 1 904 |
| Miscellaneous | 5 541 |
| Depreciation | <u>22 183</u> |

TOTAL PROGRAM EXPENSES

114 854

PROGRAM REVENUES:

| | |
|------------------------------------|--------------|
| Charges for services | 7 089 |
| Operating grants and contributions | <u>5 182</u> |

TOTAL PROGRAM REVENUES

12 271

NET PROGRAM EXPENSES

(102 583)

GENERAL REVENUES:

| | |
|-----------------|--------------|
| Property taxes | 56 849 |
| Penal fines | 61 490 |
| Interest income | <u>1 632</u> |

TOTAL GENERAL REVENUES

119 971

CHANGE IN NET ASSETS

17 388

NET ASSETS -- beginning of year

347 795

NET ASSETS -- end of year

\$365 183

See accompanying notes to financial statements.

WATERVLIET DISTRICT LIBRARY

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2004

| | General Fund |
|--|-------------------------|
| | |
| <u>ASSETS</u> | |
| CURRENT ASSETS: | |
| Cash | \$145 475 |
| Prepaid expenses | <u>1 415</u> |
| TOTAL CURRENT ASSETS | <u>146 890</u> |
| TOTAL ASSETS | <u>\$146 890</u> |
| | |
| | |
| <u>LIABILITIES AND FUND BALANCE</u> | |
| CURRENT LIABILITIES: | |
| Accrued wages | <u>\$ 1 046</u> |
| TOTAL CURRENT LIABILITIES | 1 046 |
| FUND BALANCES: | |
| Unreserved | <u>145 844</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$146 890</u> |

See accompanying notes to financial statements.

WATERVLiet DISTRICT LIBRARY
RECONCILIATION OF TOTAL GOVERNMENT
FUND BALANCES TO NET ASSETS OF
GOVERNMENT ACTIVITIES
JUNE 30, 2004

| | |
|---------------------------------------|------------------|
| Total government fund balances | \$145 844 |
|---------------------------------------|------------------|

**Amounts reported for governmental activities
in statement of net assets are different
because:**

| | |
|---|-----------------------|
| Capital assets are not financial resources and are not reported in the funds | <u>219 339</u> |
|---|-----------------------|

| | |
|-------------------------|-------------------------|
| Total net assets | <u>\$365 183</u> |
|-------------------------|-------------------------|

See accompanying notes to financial statements.

WATERVLIET DISTRICT LIBRARY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2004

| | General Fund | |
|--|-----------------|-------------------------|
| REVENUES: | | |
| Contributions from local units | \$ 56 849 | |
| State grants and aids | 4 972 | |
| Fines and forfeits | 62 930 | |
| Interest | 1 632 | |
| Other | <u>5 859</u> | |
| TOTAL REVENUES | | \$132 242 |
| EXPENDITURES: | | |
| Recreational and cultural: | | |
| Wages | 55 340 | |
| Payroll taxes | 4 238 | |
| Office supplies | 1 948 | |
| Repairs and maintenance | 6 652 | |
| Utilities | 10 561 | |
| Professional | 1 725 | |
| Insurance | 2 162 | |
| Janitorial | 2 600 | |
| Cooperative fees | 1 904 | |
| Miscellaneous | 5 541 | |
| Capital outlay | <u>34 294</u> | |
| TOTAL EXPENDITURES | | <u>126 965</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | | 5 277 |
| FUND BALANCE, beginning of year | | <u>140 567</u> |
| FUND BALANCE, end of year | | <u>\$145 844</u> |
| See accompanying notes to financial statements. | | |

WATERVLJET DISTRICT LIBRARY

**RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2004

Net change in governmental fund balances **\$ 5 277**

**Amounts reported for governmental activities
in the Statement of Activities are different
because:**

**Governmental funds report capital outlays
as expenditures, but they are recorded
as capital assets in the government-wide
statements and depreciated over their
useful lives:**

Capital outlay **34 294**

Depreciation **(22 183)**

Changes in net assets of governmental activities **\$ 17 388**

See accompanying notes to financial statements.

WATERVLIT DISTRICT LIBRARY
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE –
GENERAL FUND, BUDGET (CASH BASIS)
AND ACTUAL

YEAR ENDED JUNE 30, 2004

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance</u> |
|--|-------------------------|------------------|------------------|--|
| | <u>Original</u> | <u>Final</u> | <u>Amounts</u> | <u>(Unfavorable)</u> <u>Favorable</u> |
| REVENUES: | | | | |
| Contributions from local units | \$ 53 405 | \$ 49 405 | \$ 56 849 | \$ 7 444 |
| State grants and aid | 5 000 | 5 000 | 4 972 | (28) |
| Fines and forfeits | 61 440 | 61 440 | 62 930 | 1 490 |
| Interest | 4 500 | 4 500 | 1 632 | (2 868) |
| Other | <u>4 700</u> | <u>4 700</u> | <u>5 859</u> | <u>1 159</u> |
| TOTAL REVENUES | <u>129 045</u> | <u>125 045</u> | <u>132 242</u> | <u>7 197</u> |
| EXPENDITURES: | | | | |
| Recreational and cultural: | | | | |
| Wages | 60 167 | 59 868 | 54 294 | 5 574 |
| Payroll taxes | 4 400 | 4 400 | 4 238 | 162 |
| Office supplies | 2 000 | 2 000 | 1 948 | 52 |
| Repairs and maintenance | 6 000 | 21 574 | 20 106 | 1 468 |
| Utilities | 10 700 | 10 693 | 10 561 | 132 |
| Professional | 1 800 | 1 825 | 1 725 | 100 |
| Insurance | 3 000 | 3 577 | 3 577 | -- |
| Janitorial | 2 600 | 2 600 | 2 600 | -- |
| Cooperative fees | 1 378 | 1 905 | 1 904 | 1 |
| Miscellaneous | 8 000 | 6 700 | 5 541 | 1 159 |
| Capital outlay | <u>29 000</u> | <u>35 657</u> | <u>34 294</u> | <u>1 363</u> |
| TOTAL EXPENDITURES | <u>129 045</u> | <u>150 799</u> | <u>140 788</u> | <u>10 011</u> |
| EXCESS REVENUES (EXPENDITURES) | -- | (25 754) | (8 546) | 17 208 |
| FUND BALANCE, beginning of year | <u>140 567</u> | <u>140 567</u> | <u>140 567</u> | -- |
| FUND BALANCE, end of year | <u>\$140 567</u> | <u>\$114 813</u> | <u>\$132 021</u> | <u>\$ 17 208</u> |

See accompanying notes to financial statements.

WATERVLIET DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2004

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Watervliet District Library is a district library and provides library services to its patrons. The financial statements of the Library are prepared in accordance with accounting principles generally accepted in the United States of America. The Library applies all relevant Governmental Accounting Standards Board pronouncements.

SCOPE OF REPORTING ENTITY

The Library is governed by a Board of Trustees and daily activities are managed by the librarian. The accompanying financial statements have been prepared in accordance with criteria established by GASB for determining the various governmental organizations to be included in the reporting unit. Based on the significance of any operational or financial relationships with the Library, there are no component units to be included in the Library's financial statements.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENTS

The Library's basic financial statements include both governmental-wide financial statements and governmental fund financial statements.

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) are reported using the economic resource measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Private sector standards of accounting issued prior to December 1, 1989 are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the Standards of the Governmental Accounting Standards Board.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Library considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting.

WATERVLIET DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2004

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

GENERAL FUND – The General Fund is the Library's primary operating fund. It accounts for all financial resources of the Library.

RECEIVABLES – Receivables are recognized for significant amounts owed to the Library.

PREPAID EXPENSES – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both government-wide and fund financial statements.

CAPITAL ASSETS – Capital assets with an estimated useful life in excess of one year are recorded at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are recorded at estimated fair market value on the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend useful lives are expensed.

Building, furniture, fixtures and equipment, and library collection are depreciated using the straight-line method over the following useful lives:

| | |
|------------------------------------|--------------|
| Building | 50 years |
| Furniture, fixtures, and equipment | 5 – 10 years |
| Library collection | 10 years |

ESTIMATES– The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reporting of certain assets, liabilities, revenues, and expenditures. Actual results may differ from estimated amounts.

NOTE 2 – BUDGET DATA

An operating budget is developed prior to the beginning of the fiscal year. The budget is submitted to the Library Board for approval. Amendments to the budget are allowed with the approval of the Library Board.

The budget was prepared on a cash basis. The actual amounts in the budgetary comparison are presented using the cash basis.

WATERVLiet DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2004

NOTE 2 – BUDGET DATA (CONTINUED):

The following adjustments reconcile the total expenditures on the budgetary comparison to the total expenditures on the Statement of Revenues, Expenditures, and Changes in Fund Balance:

| | |
|---|------------------|
| Total expenditures – budgetary comparison | \$140 788 |
| Less: Decrease in accounts payable – repairs | (13 454) |
| Less: Increase in prepaid expense – insurance | (1 415) |
| Add: Increase in accrued wages | <u>1 046</u> |
| Total expenditures – Statement of Revenues, Expenditures, and Changes in Fund Balance | <u>\$126 965</u> |

NOTE 3 – DEPOSITS

Michigan Compiled Laws authorizes local government units to make deposits and invest in accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. All of the Library's deposits are held at one federally insured bank with offices in Michigan. The Library's deposits are in accordance with statutory authority.

The carrying amount of the Library's deposits was \$145,330 and the bank balance was \$149,242 at June 30, 2004. The Library had F.D.I.C. insured balances of \$119,837 and uninsured balances of \$29,405 at June 30, 2004.

The Library's cash balances at year end consist of the following amounts:

| | |
|-------------------------|------------------|
| Imprest cash | \$ 145 |
| Checking account | 15 925 |
| Savings account | 82 141 |
| Certificates of deposit | <u>47 264</u> |
| | <u>\$145 475</u> |

WATERVLIET DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE 4 – CAPITAL ASSETS

Capital assets activities for the year ended June 30, 2004 were as follows:

| | Balance 7-1-03 (Restated) | Additions | Deletions | Balance 6-30-04 |
|--------------------------------------|---------------------------------|-----------------|--------------|--------------------|
| Land | \$ 27 800 | \$ -- | \$ -- | \$ 27 800 |
| Building | 111 200 | -- | -- | 111 200 |
| Furniture, fixtures and equipment | 181 043 | 12 201 | -- | 193 244 |
| Library collection | 300 613 | 22 093 | (24 366) | 298 340 |
| Subtotal | 592 856 | 34 294 | (24 366) | 602 784 |
| Less: Accumulated depreciation | 413 428 | 22 183 | 24 366 | 411 245 |
| Net Capital assets being depreciated | 179 428 | 12 111 | -- | 191 539 |
| Net capital assets | <u>\$207 228</u> | <u>\$12 111</u> | <u>\$ --</u> | <u>\$219 339</u> |

Depreciation expense was \$22,183 for the year ended June 30, 2004.

The Library restated capital assets at July 1, 2003 due to the adoption of GASB No. 34. The capital assets restated at July 1, 2003 were as follows:

| | |
|---|------------------|
| Capital assets as reported in general fixed assets account group at July 1, 2003 | <u>\$620 656</u> |
| Land | \$ 13 900 |
| Depreciable assets | <u>606 756</u> |
| Total capital assets restated | <u>\$620 656</u> |

WATERVLIET DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

NOTE 5 – RISK MANAGEMENT

The Library is exposed to various risks of loss including property loss, torts, theft, and employee injuries (workers compensation). The Library has purchased commercial insurance for these risks. Settled claims resulting from these risks have not exceeded insurance coverage in the past fiscal year.

NOTE 6 – NEW ACCOUNTING STANDARDS

The Library implemented required new accounting standards as of July 1, 2003. The most significant is Government Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and analysis – for State and Local Governments (i.e. GASB No. 34). The significant changes in this statement includes:

A Management's discussion and analysis (MD&A) of the Library's overall financial position and results of operations.

Government-wide financial statements prepared using full accrual basis of accounting.

Fund financial statements, consisting of statements that focus on a government's major governmental funds.

Schedules to reconcile the fund financial statements to the government-wide financial statements.

NOTE 7 – RELATED PARTY TRANSACTIONS

The Library purchases insurance coverage from the insurance agency owned by a Board member. The amount of premiums paid in 2004 were \$3,577.